Savings B

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'All Savers'--Doing What It Is Supposed to Do?

AT STATE ANNUAL CONVENTIONS

Maine Savings Bankers View Self-Help, Profit Goals

New Hampshire Focus Is on Implementing New State Laws

Industry Mounts Campaign in Congress to Put Brake on DIDC

The Case for Mutuality

Also: Industry Marketing Expenditures Up ■ Recommends Stock Alternative for Federals ■ Deregulation to Be Key Midyear Meeting Topic

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Critical Issues on 'Midyear' Agenda

Convening at a time marked by intensifying competition and federal deregulation moves, NAMSB's upcoming Midyear Meeting will highlight the critical issues concerning industry competitive strategies in this environment, and it will include a major discussion on the stock alternative for savings banks. Some 600 savings bankers are expected to attend.

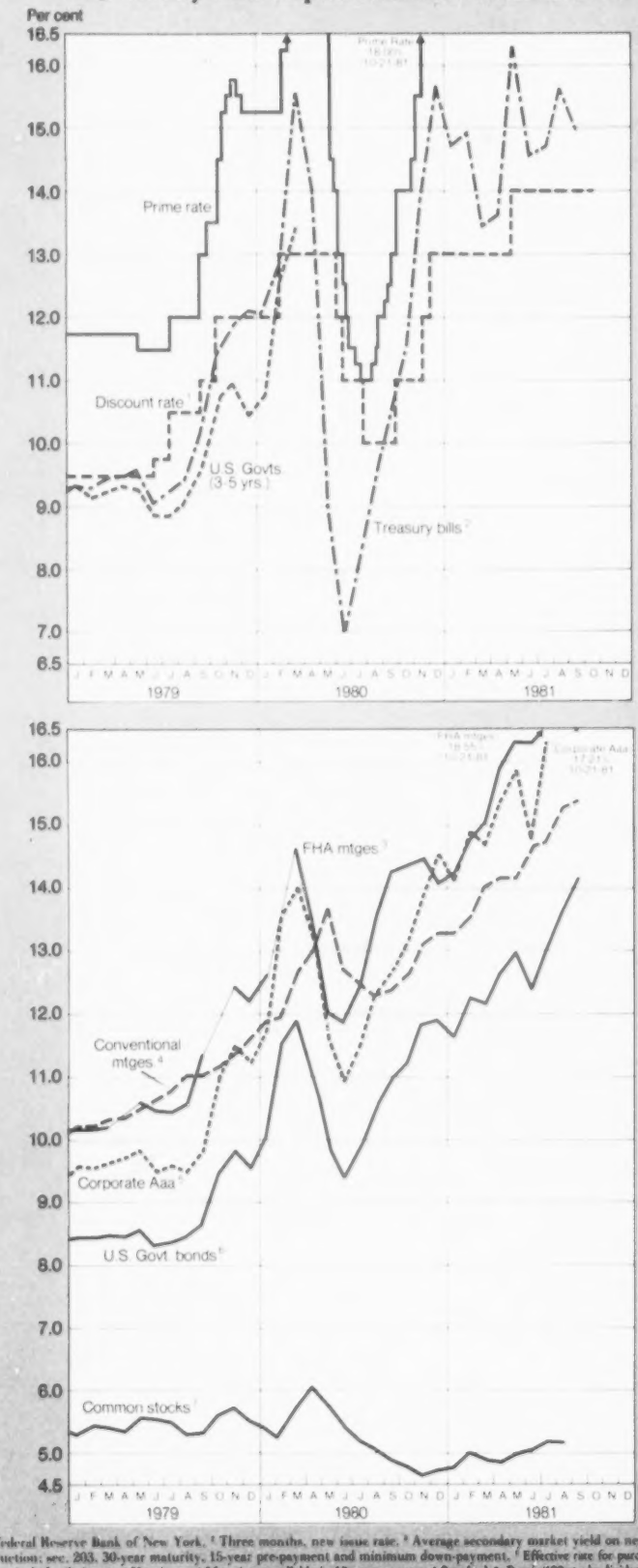
Among the scheduled speakers for the December 7-8 meeting in New York City is Federal Reserve Board Vice Chairman Frederick H. Schultz, who will be the opening day's luncheon speaker. In addition, a key member of the Senate Banking Committee will address the first day's business session on the prospects for enactment of major banking legislation.

The Midyear Meeting business sessions will begin Monday morning with an address by NAMSB Chairman Robert R. Masterton, president and CEO, Maine Savings Bank, Portland. In his talk, Masterton will discuss NAMSB's response to federal deregulation developments.

Then, Masterton will participate with top elected officials of the U. S. League of Savings Associations, the National Savings and Loan League, the American Bankers Association and the Credit Union National Association in a panel discussion on "Competing for

(continued on page 36)

SBJ Money and Capital Market Yield Trends



[1] Federal Reserve Bank of New York. [2] Three months, new issue rate. [3] Average secondary market yield on new construction; sec. 203, 30-year maturity, 15-year pre-payment and minimum down-payment. [4] Effective rate for purchase of new single-family homes. [5] New issues. [6] Maturing or callable in 10 years or more. [7] Standard & Poor's 500 stocks dividend-yield ratio.

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Midyear Meeting—

Saver's Dollars in a Deregulated Environment." NAMSB President Saul B. Klaman will moderate the panel.

During the Midyear Meeting, NAMSB standing committees and board of directors will convene in separate sessions, with 12 of the committees scheduled to meet Monday afternoon. They will discuss their current programs as well as new ones for the coming year.

The second day of the two-day meeting will begin with an executive session during which delegates will review the report of NAMSB's Special Committee on Capital Adequacy, a key element of which is a recommendation for authorization of the stock form for federal savings banks (see page 12).

Also at the executive session, the stock form will be taken up in another way: delegates will discuss a possible change in the National Association's bylaws to permit the membership of stock institutions.

The closed executive session will include a report by consultant Arthur D. Little on the possible areas of savings bank participation in international banking via International Thrift Ltd., a savings bank corporation chartered last summer.

Following the closed session, the business program will conclude with a report on the outlook for the economy and savings banking, presented by George Hanc, NAMSB's first vice president, chief economist, and director/New York office.

Mortgaging trends

Rates rise. The average effective interest rate on home loans closed climbed higher while the average purchase price for homes eased between August and September, the FHLB Board reported last month. On loans for new homes, the rate rose to 15.37% in September from August's 15.27%, and for existing homes, it increased to 15.83% from 15.54%.

The Board reported that the average purchase price for new homes dropped to $87,600 in September from $98,100 in August, and for existing homes, to $69,000 from $70,300.

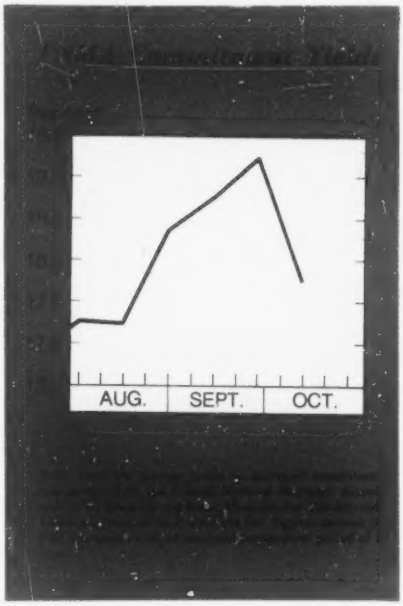
The average term-to-maturity on loans for new and existing homes also dropped in this period, to 26.4 years from 27.2 for new homes and to 25.6 years from 25.7 for existing homes.

Starts fall. Housing starts dropped to a seasonally adjusted annual rate of 918,000 in September, compared with 934,000 in August. It marks the lowest level since February 1975, the Commerce Department reported.

Multifamily units, at a 303,000 start-rate in September, accounted for the drop. Single-family starts rose to 615,000 from August's 598,000.

Building permits issued in September were also down, at an 844,000 annual rate, compared with 865,000 in August.

Acquires loan unit. The mortgage banking subsidiary of Citizens Savings Bank FSB, Ithaca, N.Y., recently expanded into new territory, with the acquisition of the Washington, D.C., division of Unity Mortgage Corp., based in Chicago.



Under the purchase terms, the bank's American Home Funding, Inc., acquired the division's production facilities, in Annadale, Va., and Columbia, Md. Unity's parent company, Unity Savings Association, Chicago, has retained servicing of the division's loans.

American Home was set up two years ago and has offices in Ithaca, N.Y., and in Charleston, S.C.

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savings bank statistics

Prepared by NAMSB's Research Department
Jack Rubinson, Director

DEPOSIT ACTIVITY IN REGULAR ACCOUNTS IN MUTUAL SAVINGS BANKS

(Amounts in millions of dollars, accounts in thousands)

Period	Amounts Deposited	Withdrawals	Net change in deposits			Number of accounts	
			Excluding interest	Including interest		Total	Net Change
				Amt.	%		
Annually							
1979	122,026	128,987	—6,962	2,659	1.88	31,250	685
1980	162,537	167,400	—4,863	6,851	4.76	32,462	1,212
Monthly							
1980—Sept.	14,388	14,848	—460	1,377	.93	n.a.	n.a.
Oct.	17,211	17,380	—169	403	.27	n.a.	n.a.
Nov.	10,983	11,210	—227	312	.21	n.a.	n.a.
Dec.	13,158	13,797	—639	1,255	.84	32,462	n.a.
1981—Jan.	13,734	14,713	—979	—365	—.24	n.a.	n.a.
Feb.	10,675	11,061	—385	296	.20	n.a.	n.a.
Mar.	13,354	14,111	—757	1,224	.81	n.a.	n.a.
Apr.	15,440	17,465	—2,025	—1,234	—.81	n.a.	n.a.
May	13,164	13,839	—676	148	.10	n.a.	n.a.
June	12,791	14,183	—1,392	618	.41	n.a.	n.a.
July	14,997	16,928	—1,931	—1,153	—.76	n.a.	n.a.
Aug.	14,354	15,720	—1,366	—407	—.27	n.a.	n.a.
Sept. (Est.)	n.a.	n.a.	—1,500	550	.36	n.a.	n.a.

n.a.—not available. Est.—estimated. Source: NAMSB.

Note: Annual and monthly data for net change in deposits including interest and net change in number of accounts have been adjusted, where necessary, to exclude the effects of conversions and consolidations of savings banks and other types of institutions. Components may not add to totals due to rounding.

Net Change in Savings Bank Deposits, Including Interest, by Type of Account

(amounts in millions of dollars)

	TOTAL	Market Linked			Fixed Rate		
		Total	6-mo. CDs	30-mo. CDs	Total	Ordinary Savings	Time
1980—Aug.	610	507	—250	756	103	454	—351
Sept.	1,377	850	—45	895	526	468	59
Oct.	403	2,418	1,296	1,122	—2,014	—1,007	—1,008
Nov.	312	2,103	1,633	470	—1,791	—1,395	—396
Dec.	1,255	4,717	4,167	549	—3,461	—2,309	—1,153
1981—Jan.	—365	2,483	1,858	625	—2,847	—1,234	—1,613
Feb.	296	1,700	1,341	359	—1,405	—702	—703
Mar.	1,224	930	401	528	294	985	—691
Apr.	—1,234	397	—113	510	—1,631	—733	—898
May	148	1,941	1,841	101	—1,793	—1,147	—646
June	618	839	526	313	—221	331	—551
July	—1,153	1,132	942	190	—2,285	—948	—1,337
Aug.	—407	2,337	1,000	1,337	—2,744	—1,507	—1,237
MEMORANDA:							
Outstanding Deposits							
Aug. 31, 1980	148,018	52,906	43,532	9,374	95,112	58,191	36,921
Aug. 31, 1981	151,075	74,741	58,347	16,394	76,334	49,149	27,184
Percent Distribution of Outstanding Deposits							
Aug. 31, 1980	100.0	35.7	29.4	6.3	64.2	39.3	24.9
Aug. 31, 1981	100.0	49.5	38.6	10.9	50.5	32.5	18.0

Source: NAMSB.

According to a special survey conducted by NAMSB, the savings bank industry attracted an estimated $2.7 billion into All Savers Certificates during the first nine calendar days of October. About one-fifth of the total volume of funds flowing into the ASCs represented "new money." Internal transfers from existing accounts accounted for the remaining four-fifths share, with funds from maturing six-month CDs representing the largest source of ASC purchases, followed by shifts from passbook accounts and conversions of consumer repurchase agreements.

The enthusiastic public response to savings bank offerings of All Savers Certificates encourages hopes that overall savings bank deposit trends will improve in the months ahead. Preliminary evidence available for early October tentatively supports this expectation. During the first half of the month, savings and time deposit experience at many savings banks compared favorably with corresponding 1980 and 1979 periods.

Meanwhile, savings bank earnings positions continued under severe pressure in the third quarter of 1981. In the July-August period, combined savings banks experienced a net reduction in surplus accounts equivalent to $306 million, or 108 basis points, on assets at an annual rate. This brought the cumulative shrinkage in general

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Monthly

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- Deposit Activity.
- Assets and Liabilities.

Semiannual

- 100 Largest Mutual Savings Banks (March and September SBJ).

Annual

- Assets and Liabilities (by states—August SBJ)
- Income and Expenses (by states, October SBJ).

reserve accounts to $854 million in the first eight months of 1981, virtually assuring a $1 billion-plus reduction for all of 1981.

As in previous months, the continued weakening in bottom-line earnings positions of savings banks reflected intensified deposit cost-pressures. Increases in such expenses were about double the rise in gross operating income during the third quarter, NAMSB estimates. All told, close to 60% of the total number of savings banks and nearly 90% of savings banks with assets of $500 million or more operated in the red during the July-August period. This was significantly higher than the 50% and 77% proportions, respectively, in the first half of 1981.

(END)

DEPOSIT ACTIVITY IN REGULAR ACCOUNTS IN MUTUAL SAVINGS BANKS,[1] BY STATES

(Amounts in thousands of dollars)

State	August 1981					August 1980				
	Amounts Deposited[2]	Withdrawals	Net Change in Deposits			Amounts Deposited[2]	Withdrawals	Net Change in Deposits		
			Excluding Interest	Incl. Interest Amt.	Incl. Interest %			Excluding Interest	Incl. Interest Amt.	Incl. Interest %
Connecticut	1,420,719	1,428,049	—7,330	72,141	.52	1,035,851	1,037,891	—2,040	88,994	.68
Indiana	17,090	17,256	—166	119	.05	13,350	11,939	1,411	2,922	1.26
Maine	271,004	289,380	—18,376	1,615	.06	242,563	233,453	9,110	24,111	.99
Maryland	132,258	139,403	—7,145	4,215	.25	108,996	108,567	429	4,700	.30
Massachusetts	2,379,497	2,569,942	—190,445	—12,575	—.06	1,935,404	1,940,674	—5,270	134,154	.64
New Hampshire	310,540	331,869	—21,329	1,764	.07	238,905	233,536	5,369	20,789	.86
New Jersey	562,051	623,227	—61,176	12,961	.14	712,306	746,107	—33,801	27,600	.33
New York—City	4,604,115	5,468,035	—863,920	—776,402	—1.41	3,813,422	3,788,515	24,907	118,244	.22
—Upstate	2,203,655	2,343,734	—140,079	233,119	.99	1,553,109	1,618,852	—65,743	40,423	.18
Pennsylvania	1,569,828	1,531,112	38,716	120,240	.94	1,174,384	1,151,236	23,148	82,400	.67
Rhode Island	128,721	133,185	—4,464	5,685	.33	114,636	115,321	—685	6,414	.39
Vermont	116,926	116,240	686	6,970	.84	65,090	60,487	4,603	8,268	1.02
Washington	396,639	451,953	—55,314	—48,797	—1.25	366,477	354,436	12,041	17,224	.45
Wisconsin	7,232	7,507	—275	—465	—.56	7,282	7,851	—569	—447	—.56
All other states	233,588	269,253	—35,665	—27,437	—1.16	266,034	238,103	27,931	34,107	1.44
Total	14,353,863	15,720,145	—1,366,282	—406,846	—.27	11,647,809	11,646,968	841	609,903	.41

Note: See notes to "Assets and Liabilities of All Mutual Savings Banks."

[1] Excludes special purpose accounts such as checking, Christmas, vacation and school. [2] Excludes interest credited.

Source: NAMSB.

ASSETS AND LIABILITIES OF ALL MUTUAL SAVINGS BANKS

(Amounts in millions of dollars)

Date	Mortgages	GNMAs	Investments				Other assets	Total assets-Total liabilities & gen. res. accts.	Deposits			Other liabilities	General reserve accounts
			U.S. Govt. & Federal agencies	State & local Govt.	Corporate bonds	Corporate stocks			Total*	Savings	Time		
1975 Dec. 31	77,221	3,367	7,507	1,545	17,536	4,322	9,558	121,056	109,873	69,653	39,639	2,755	8,428
1976 Dec. 31	81,630	5,808	9,109	2,417	20,335	4,381	11,131	134,812	122,877	74,535	47,426	2,884	9,052
1977 Dec. 31	88,195	8,331	9,233	2,828	21,498	4,751	12,450	147,287	134,017	78,005	54,739	3,292	9,978
1978 Dec. 31	95,157	10,021	8,297	3,333	21,566	4,807	14,991	158,174	142,701	71,816	69,354	4,565	10,907
1979 Dec. 31	98,908	11,820	7,658	2,930	20,507	4,760	16,821	163,405	146,006	61,123	82,947	5,873	11,525
1980 Sept. 30	99,306	13,645	8,434	2,728	21,591	4,373	19,332	169,409	151,765	58,658	90,736	6,300	11,344
Oct. 31	99,523	13,741	8,622	2,754	21,631	4,348	19,813	170,432	151,998	57,651	92,146	7,117	11,317
Nov. 30	99,677	13,900	8,715	2,736	21,653	4,335	20,110	171,126	152,133	56,256	93,853	7,645	11,348
Dec. 31	99,865	13,849	8,949	2,390	21,209	4,224	21,078	171,564	153,501	53,971	97,445	6,694	11,368
1981 Jan. 31	99,816	13,951	9,000	2,378	21,211	4,094	21,440	171,891	153,143	52,737	98,314	7,426	11,322
Feb. 28	99,739	13,955	9,032	2,376	21,159	4,109	21,979	172,349	153,332	52,035	99,311	7,753	11,264
Mar. 31	99,719	13,997	9,203	2,359	21,150	4,089	22,717	173,232	154,805	53,049	99,581	7,265	11,163
Apr. 30	99,798	13,944	9,262	2,314	21,259	4,044	22,216	172,837	153,692	52,331	99,098	8,103	11,042
May 31	99,790	13,952	9,296	2,328	21,202	3,957	23,252	173,776	153,891	51,212	100,447	8,962	10,923
June 30	99,993	13,994	9,230	2,337	20,567	3,856	24,410	174,387	154,926	51,594	101,009	8,634	10,827
July 31	100,072	13,990	9,363	2,297	20,616	3,819	24,481	174,637	153,797	50,647	100,803	10,179	10,661
Aug. 31	100,157	13,986	9,375	2,335	20,482	3,785	24,952	175,072	153,429	49,149	101,926	11,119	10,524
Sept. 31 (Est.)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	154,079	n.a.	n.a.	n.a.	n.a.
% of Total Assets													
Aug. 31, 1981	57.2	8.0	5.4	1.3	11.7	2.2	14.3	100.0	87.6	28.1	58.2	6.4	6.0
Change during month	77	—4	4	37	—133	—34	448	395	—400	—1,507	—1,101	935	—139

Note: Balance sheet data beginning with April 30, 1979 are not strictly comparable with prior months. This largely reflects: (1) changes in FDIC reporting procedures; and (2) reclassification of certain items.

n.a.—not available. Est.—estimated. Source: NAMSB.

* — Total deposit figures include checking, school, club and certain other accounts not shown separately.

Note: GNMA figures refer to all types of mortgage-backed securities guaranteed by the Government National Mortgage Association.